LATEST TRENDS IN CONSUMER PRICES

Consumer prices in the OECD area were stable in December (1) as they were in November. Prices were also stable for the seven major countries as a whole. Among these countries, monthly inflation declined from 0.1 to 0.0 per cent in the United States, from 0.1 to -0.1 per cent in France, from 0.5 to 0.0 per cent in Italy and from 0.5 to -0.2 per cent in Canada. In Japan consumer prices rose by 0.1 per cent, following a fall of 0.6 per cent in November, and in the United Kingdom a December rise of 0.2 per cent followed a 0.1 per cent fall a month earlier. Inflation was stable in Germany at 0.2 per cent.

Among smaller member countries (excluding Turkey), consumer price changes in December varied from a 1.0 per cent rise in Greece to a -0.5 per cent fall in Iceland. Consumer prices also fell in Denmark, Finland, the Netherlands, Norway and Sweden. Inflation increased in Austria, Belgium, Greece, Spain and Switzerland; it decreased, but remained positive, in Luxembourg and Portugal. Measured over twelve months, the rate of consumer price inflation for the OECD as a whole (excluding Turkey) was 2.7 per cent, down 0.1 percentage points from December 1992 (2).

Food prices rose in the OECD area (excluding Turkey) by 0.4 per cent in December, while energy prices fell by -0.5 per cent (3). OECD consumer prices excluding these two components, an indicator of "underlying" inflation, were stable in December, following a 0.2 per cent increase in November. Taken over twelve months, the underlying rate of OECD-area inflation was stable at 2.9 per cent between November and December. This was 0.5 percentage points less than the twelve month rate for December 1992.

(1) Excluding Turkey, a high-inflation country. Including Turkey, prices rose by 0.2 per cent in December, the same rate of increase as in November.

(2) Including Turkey, the yearly rate was 4.0 per cent.

(3) Excluding Greece, Iceland, Portugal, Sweden and Turkey for which data are unavailable.